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The U.S. and Global Negotiations

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NEW YORK—The United Nations is edging toward the launch of its long-sought "global negotiations." These would be the grandest of all talks between the rich nations of the "North" and the poor lands of the "South." The Third World is eager for the talks, and Japan and Europe are willing. But a skeptical Reagan administration is still debating whether it wants to go along with a set of talks the ideology behind which it regards as hostile to American interests. A resolution to proceed could come up for a vote in the UN soon.

On the eve of the decision, however, a confidential memo by the Central Intelligence Agency is raising some troublesome questions about one of the more sensitive issues surrounding global negotiations—whether the talks could lead to an erosion of the independence of the World Bank and the International Monetary Fund. Many believe that the developing lands want to use these talks to lift into the UN General Assembly, where each country has one vote, some decisions previously left to the Fund and the Bank, where countries vote according to how much money they've paid in.

The issue is exceptionally important, involving the question of who would—and should—control the strategic decisions on how these agencies parcel out billions of dollars a year in Western development aid and balance-of-payments loans. The Third World is pressing for a greater say at a time when some donors, the U.S. in particular, are complaining the Bank and the Fund are already too lax.

America's position is clear. President Reagan, at Cancun last October, made it a condition of U.S. participation that global talks respect the integrity and competence of the specialized agencies. The CIA's report doesn't suggest the UN has any legal power to take over the international financial institutions. But the CIA raises questions about whether the independence of the Bank and the Fund could be guaranteed in the political sense, once global negotiations got rolling, and suggests the U.S. is likely to get little help from its fellow members of the industrialized world.

Failure Would Isolate America

The U.S. ambassador to the UN, Jeane Kirkpatrick, who commissioned the CIA assessment and submitted it last week to the National Security Council, apparently believes it supports her contention that the U.S. ought to join the global talks, though the CIA itself doesn't appear, on the basis of the memo, to be a partisan in the internal administration debate. A failure to join global negotiations, Mrs. Kirkpatrick and others have argued, would isolate America from friends in

be receptive. "The Third World," it says, "appears ready to compromise utopian plans for restructuring the world economy and accept negotiations that would provide procedural protection for the competence of the World Bank and the International Monetary Fund."

Yet change in the Fund and the Bank is certainly an aim of the Third World. The CIA report lists five separate Third World goals in this regard.

One is to expand resources available for lending to the developing lands by permitting the World Bank to guarantee and the IMF to co-finance private bank loans. A second is to link the creation and allocation of the IMF's special drawing rights to the development needs of poor countries. A third is to steer more IMF lending to the Third World by easing the stiff requirements the Fund imposes on borrowing gov-

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ernments. A fourth is to boost the Third World's participation in Bank and Fund decisions by changing the current system that ties a country's voting strength to its financial contribution. The fifth is to set up a special World Bank affiliate to fund Third World energy projects.

Though it hasn't spoken specifically on all these issues, the Reagan administration probably opposes every one of these goals. The CIA report includes a chart showing how our allies come out on the issues. Italy, for example, sides with the Third World on each issue, while France and Canada tilt to the South side on every issue but giving developing lands a bigger vote in the Bank and the Fund. West Germany favors expanding resources, relaxing conditionality and setting up a World Bank energy affiliate, but opposes the special-drawing-rights link and the change in voting strength. Japan and Britain side with the U.S. on all issues but the World Bank energy affiliate, which they favor.

Commenting on their positions, the CIA report says France is "philosophically committed to economic reform" of the type proposed by the UN group; Canada seeks a "leadership role in negotiated reform"; West Germany believes in some reform but "will not take a leadership role"; Japan "will support cosmetic reform to enhance credentials with the Third World";

idly behind the U.S. position, even in the privacy of a CIA memo. Most nations, the CIA notes, have given the Third World political support within the UN but have maintained "basically conservative" positions in the international financial institutions. "Global negotiations," it says, "could be the catalyst that impels industrialized countries to make a political decision on whether they wish to transform their reformist sentiment into concrete action."

Making Reform Political

The Third World bloc, says the CIA, will use global negotiations "to pursue its strategy of making reform of the international financial institutions a political as much as an economic question," pressing the General Assembly to issue guidelines and recommendations to the specialized agencies that conform to a "world economic development plan." And the developing lands will press the industrial nations to commit themselves early on in global negotiations to "reform the financial institutions." It predicts France and Canada will take the lead in mobilizing "the latent support for reform."

The CIA, in a concluding note on "prospects," reckons global negotiations "are likely to moderately accelerate" change within the Bank and the Fund. It says the "independent nature of the financial institutions and the power of weighted voting give the U.S. a veto and the ability to control the pace of change." The CIA warns, however, that "political and economic incentives for Western Europe and Japan to lend support to Third World proposals" mean the U.S. "may have to act alone to ensure autonomy and financial discipline of the IMF and the World Bank."

Can the U.S. muster the will? In a National Security Council discussion paper on the question of how the U.S. should vote on a UN resolution launching global negotiations, the warnings voiced by the CIA are alluded to. Such a resolution, the NSC's paper says, "will surely involve us in a series of situations such as this one in which the U.S. will be under pressure to 'go along' or be an obstacle to consensus. However, we know how to say no. And we are unlikely ever to be as isolated on a specific issue as on this general one."

Of course, President Reagan was confronted with the same sort of problem when he was debating whether to go to the summit meeting at Cancun. He didn't really want to enter global negotiations, but he agreed at Cancun to enter preliminary talks. Now the UN is itching to rush through the preliminary talks into global negotiations themselves, and the U.S. again could well vote "yes" rather than stand alone. In the end it may not prove so